Rand A Technology Corporation
2000 Annual Report

RAND™
WORLDWIDE
Let Knowledge be your guide.

"It is the process of design, in which diverse parts of the 'given world' of the scientist and the 'made world' of the engineer are reformed and assembled into something the likes of which Nature has not dreamed, that divorces engineering from science and marries it to art."

Excerpted with permission from "TO ENGINEER IS HUMAN: The Role of Failure in Successful Design", by Henry Petroski

RAND Worldwide™ is a leading provider of knowledge-based solutions to organizations with mission-critical engineering design and information technology requirements. The Company is also the world's only technology-independent global provider in the automated design marketplace.

RAND Worldwide assists its customers in enhancing their competitive position and profitability by helping them to improve quality, reduce costs and shorten time-to-market cycles in the development of new products and services.

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Currency Note - All dollar figures are listed in Canadian funds unless otherwise stated.

Message to Our Shareholders

Just as the year 2000 denoted a distinct milestone on the global calendar, this past year reflected a remarkable new stage of development for Rand A Technology Corporation, operating as RAND Worldwide (the "Company"). At the same time that RAND Worldwide continued to strengthen and build on its ties with its established business partners, the Company forged additional relationships, added complementary new technologies and capabilities, solidified the sales and engineering teams and executed several new business initiatives to significantly extend its global scope and capabilities. RAND Worldwide also took great strides in enhancing its position as the world's only global, technology-independent solutions provider in its marketplace.

Many of the changes implemented in 2000 were initiated in previous years as key drivers towards the Company's goal of establishing itself as the world's unquestioned leader in providing knowledge-based solutions to organizations with engineering, design and information technology needs.

During this past year, RAND Worldwide experienced continued growth and executed an aggressive acquisition strategy and now has a global customer base of over 40,000 organizations. As has always been true, our focus remains on helping our customers improve their product quality while reducing their development costs and the time required to bring new products to market. Our ultimate goal is to make our clients more competitive and profitable.

RAND Worldwide's global revenues totaled $420.5 million in 2000, compared with $440.4 million in 1999. At the same time, the Company's gross profit percentage for the year 2000 increased to 45.0%, compared with 41.9% the previous year, principally reflecting a deliberate focus on building the higher margin software and services businesses while decreasing lower margin hardware sales. Operating earnings (EBITDA) were $37.2 million in 2000, 6.3% higher than the $35.0 million generated in 1999, while operating expenses decreased from $46.6 million in 1999 to $44.8 million in 2000.

During the year, RAND Worldwide's services business, including training and consulting, increased by 22.4% to $149.2 million, while software sales grew by 1.3% to $161.7 million.

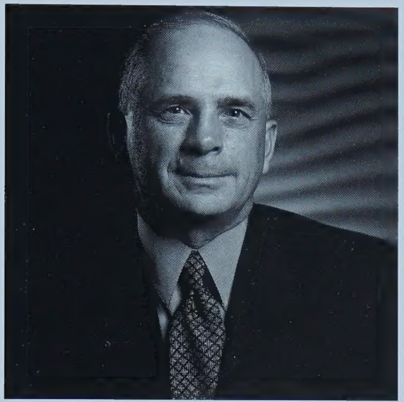
In order to support and drive the financial success of RAND Worldwide, the Company has grown to include more than 1,300 employees, in 114 offices in 28 countries. On behalf of RAND Worldwide's Board of Directors and management, we would like to thank this international team for its dedication to the Company and our customers during 2000. We also want to thank the loyal "owners" of this organization, our shareholders, for their encouragement as we continue to execute our business plans for continued profitable growth.

On behalf of the Board,

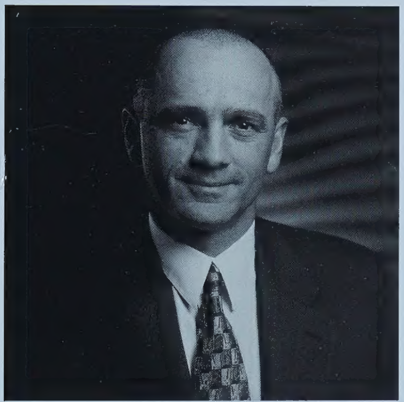
Dennis Semkiw
CHAIRMAN OF THE BOARD

Brian Semkiw
CHIEF EXECUTIVE OFFICER

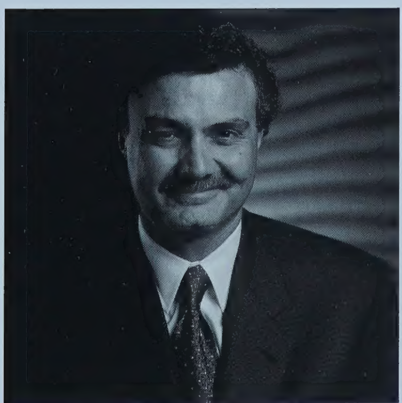
Frank Baldesarra
PRESIDENT AND CHIEF OPERATING OFFICER



Dennis Semkiw
CHAIRMAN OF THE BOARD



Brian Semkiw
CHIEF EXECUTIVE OFFICER



Frank Baldesarra
PRESIDENT AND CHIEF OPERATING OFFICER

Our Marketplace

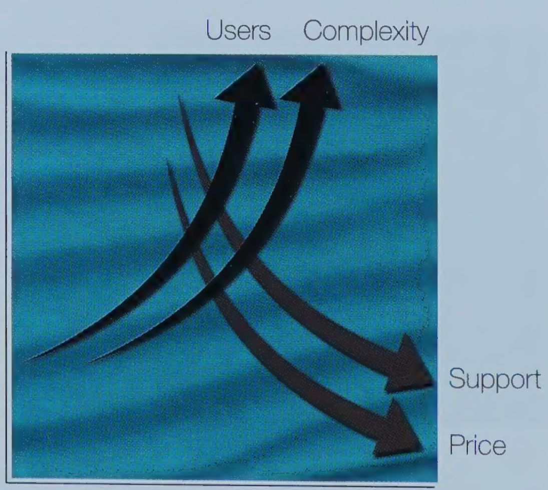
Just as all successful technologies typically move through different stages in their lifecycles, so do the markets in which they are sold and supported. As the new millennium dawns, several significant trends and factors are converging that are having a dramatic effect on RAND Worldwide's global marketplace.

Normally, as new untested technologies emerge and proliferate, the technology developers enlist value added resellers (VARs) to bring their products to market. For the design automation market, Phase One began in the early 1980's.

Phase Two occurs once the technology begins to be recognized and accepted, and is a period marked by the most rapid growth in new sales. As the stronger technologies start to establish their prominence, leaving the weaker ones behind, the leading technology inventors often begin to build an internal sales force.

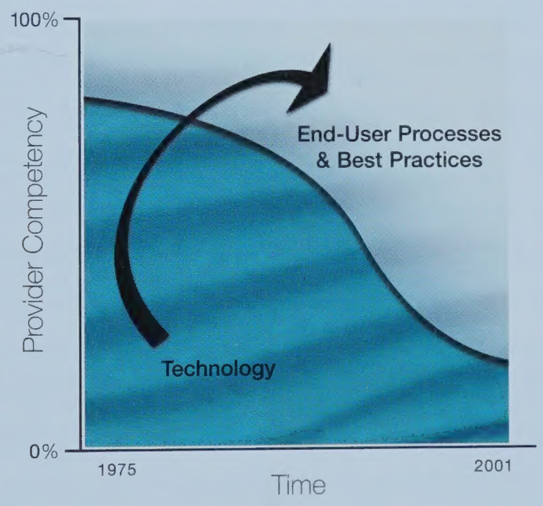
During Phase Three, in which the strongest technologies have been affirmed, competition between vendors increases sharply, including competition among the VARs and the in-house sales teams of technology inventors. During this phase, prices tend to fall and most of the weaker technologies disappear, taking with them those VARs that depended on their success. Meanwhile, the leading technology inventors continue to focus on their core competency: building the technology.

Much of RAND Worldwide's mechanical engineering market has recently shifted into Phase Four, a period dominated by growing industry consolidation and general stability. As we have seen recently in the automotive and aerospace industries, stabilized markets also lead to lower but more secure pricing, along with increasing numbers of users. Continued technology development also tends to add to its complexity. This complexity, along with the larger customer base, increases the demand for customer support, despite the lower profits generated in this part of the cycle.



Historically, this mature phase is also the time when new technologies begin to assert themselves. However, for the first time in three decades, no such new technologies have emerged – nor do any appear poised to do so – to replace the existing ones. In fact, there is strong evidence that, as Phase Four continues, perhaps as few as four core computer-aided design, manufacturing and engineering (CAD/CAM/CAE) technologies will survive as fundamental operating systems. Many industry insiders agree that three of these will be AutoCAD, from Autodesk, Inc.; CATIA, from Dassault Systemes and distributed by IBM; and, Pro/ENGINEER, from PTC. The question remains: Who else will thrive?

Research by two widely recognized industry analysts, International Data Corp. (IDC) and Daratech Inc. (Daratech), has shown that information technology and automation design technology users are increasingly choosing those suppliers who are best able to provide implementation support – including the incorporation of best practices and user processes – for the selected technology. In fact, rather than the features and benefits of a particular technology, Daratech has found that the single most important factor in purchasing decisions made by CAD/CAM users today concerns a vendor's ability to provide training and other systems integration support.



(Image by Daratech Inc.)

The confluence of all of these factors – the maturing marketplace; technology consolidation; increased user bases; growing demand for systems integration, support and other services; and, the acknowledged limitations of technology inventors to provide extensive services to support technology users – provides unprecedented opportunities for RAND Worldwide.

Operational Highlights

RAND Worldwide achieved several significant milestones during the year 2000.

EXPANDED PRO/ENGINEER CUSTOMER BASE

RAND Worldwide continued its undisputed position as the world's dominant distributor of Pro/ENGINEER technology from PTC, the product development company. This included an agreement to increase RAND Worldwide's marketing scope for the Pro/ENGINEER suite of automated design products, expanding the Company's ability to reach more and larger customers around the world. Further, RAND Worldwide acquired Pro/ENGINEER distributor, Automated Reasoning (Pty) Ltd., of South Africa, the leading engineering and manufacturing solution provider for the design to manufacture industry in that country. This acquisition reflects RAND Worldwide's stated growth strategy of acquiring strong, established companies in new markets.

GREW CATIA-RELATED CUSTOMER BASE THROUGH TRANSCAT DIVISION

In support of RAND Worldwide's commitment to continuing both its technology independence and its expansion into complementary new markets, the Company established the North American division of TransCAT Inc. (TransCAT), a wholly-owned subsidiary, primarily serving the automotive, aerospace and architectural engineering and construction markets. TransCAT is an IBM Business Partner, authorized to sell IBM product lifecycle management (PLM) solutions internationally, including CATIA Solutions from Dassault Systemes. TransCAT has sold RAND Worldwide's proprietary Q-Checker quality assurance technology for CATIA-users to customers such as DaimlerChrysler, EADS Airbus GmbH, and software distributor KGT, Inc., a wholly-owned subsidiary of Japan-based global industrial conglomerate, Kubota Corporation. RAND Worldwide acquired the original German-based affiliate, TransCAT GmbH, in 1998. RAND Worldwide is now one of the leading implementers of CATIA solutions.

ENTERED MECHANICAL AND "AEC" CUSTOMER BASE THROUGH AUTODESK ACQUISITIONS

RAND Worldwide extended its reach to the highly promising Autodesk, Inc. (Autodesk) market, which includes customers in mechanical, architectural engineering and construction (AEC), as well as geographic information systems sectors. This expansion began with the Company's acquisition during 2000 of Technical Software, Inc. (TSI), of Cleveland, an engineering provider concentrating on selling and supporting the Autodesk suite of products, including AutoCAD. TSI offers a full range of services including training, consulting, networking and product data management.

RAND Worldwide also acquired three more Autodesk vendors during the year: CAD Resource Centre, of Ontario, Canada's leading AutoCAD solutions provider; Orlando, Florida-based CADD Development Corporation, one of the largest Autodesk integrators in North America; and Denver, Colorado-based Fusion West, Inc.

The Company has plans to become the largest Autodesk partner in the world.

LAUNCHED ENGINEERING.COM

One of the most exciting initiatives of 2000 – perhaps the most exciting one in the Company's history to date – was the conceptualization, development and realization of an Internet strategy that will provide an important new distribution channel for RAND Worldwide's products and services. Version 1.0 of the web-based resource tool, ENGINEERING.com, was officially launched on October 17, 2000, making it easier than ever before for engineers from around the world to gain access to a wide range of RAND Worldwide's products and services. In the months immediately following the launch of ENGINEERING.com, the resource tool quickly began to build a strong following amongst the professional engineering community and has drawn the attention of many product and service providers targeting the engineering marketplace. RAND Worldwide holds a 46.5% ownership interest in ENGINEERING.com Incorporated, a public company that owns and operates the ENGINEERING.com website.

EXTENDING INFORMATION TECHNOLOGY (IT) CUSTOMER BASE

RAND Worldwide has strategically re-focused on providing high-value information technology (IT) solutions to improve the management, performance, integrity and availability of IT systems for a far larger range of customers. As part of this initiative, RAND Worldwide has enhanced its hardware and software offerings with mission-critical business applications and consulting support. This includes clients both within and outside the engineering business community. Today, organizations looking to build, develop or enhance their data management, Internet services, automated processes or any other IT capabilities, will be able to receive complete, end-to-end systems integration services from RAND Worldwide's professional IT solutions group.

WORLDWIDE TECHNOLOGY DEVELOPMENT

RAND Worldwide's newly formed independent technology division has technology developers working on more than 15 new, proprietary technologies. This software development group is leveraging the Company's experience in developing its ModelCHECK software, a sophisticated quality assurance technology that the Company sold in 1999 for $29.5 million. The development team is working on complementary tools that will work with existing, third-party core technologies, as well as building RAND Worldwide's own stand-alone applications, designed for multi-platform solutions. In addition to developing applications for the engineering sector, RAND Worldwide is also targeting non-engineering-oriented organizations needing a wide range of automation, e-business and enterprise solutions.

BUILDING ASCENT "CENTER FOR TECHNICAL KNOWLEDGE"

RAND Worldwide has a well-established, global reputation for fulfilling the most important knowledge challenge facing automation design technology users: How to effectively and efficiently improve a CAD-user's productivity? For over 15 years, the Company's technical trainers have helped engineers and technicians to develop and improve their skills and understanding of the leading-edge technologies that their organizations use to develop and produce new products and service offerings.

Building on this extensive experience, RAND Worldwide has developed a dedicated "Center for Technical Knowledge" through the Company's ASCENT Division. The ASCENT team designs and produces knowledge products for both classroom and electronic learning to meet individual user requirements aimed at achieving "complete learning". Rather than just issuing certificates of completion for attending classes, ASCENT is an independent knowledge provider focused strictly on improving a student's job performance. For example, ASCENT has developed the "User Knowledge Profile", an evaluation tool that provides a baseline for an individual's actual use of the software tool, exactly quantifying a student's skill-level.

ASCENT has also developed a truly practical electronic learning strategy geared to meeting the demands of a competitive and time-sensitive manufacturing environment. ASCENT has created Webshops as unique learning tools delivered over the web for engineering software application users. They are designed as a series of workshops to augment traditional classroom learning by applying the benefits of an adaptive, self-paced, tailored learning environment. A key benefit of a Webshop is that they allow the user to focus only on what they need to learn and move at their own pace. ASCENT has also partnered with Gemini Learning Systems, Inc. and, through ENGINEERING.com, will deliver e-learning solutions to clients, providing what is believed to be the strongest training service available.

THE CONSOLIDATOR:

Already the world's largest VAR in the mechanical design marketplace, RAND Worldwide has been a consolidator in its industry for several years. RAND Worldwide has developed a clearly successful formula for the strategic acquisition of VARs that enhances the acquired entity's ability to quickly and effectively become a contributing local member of the global organization.

TECHNOLOGY INDEPENDENT:

RAND Worldwide is the only global company that is able to distribute and support all three of the leading core technologies: Pro/ENGINEER, CATIA, and AutoCAD. There are some other technology independent companies that support more than one technology, but none of these are global. While there are a few other companies with an international presence, none of them are technology independent.

SYSTEMS INTEGRATOR:

RAND Worldwide also benefits from its established reputation as a dedicated systems integrator, uniquely capable of providing both a choice of the world's "best-in-class" technologies, along with a full range of strategic training and support offerings so critical to customers around the world.

INTERNET STRATEGY:

RAND Worldwide also assisted in the development and establishment of ENGINEERING.com Incorporated (CDNX: EGN), a unique, Internet-based resource tool designed specifically to meet the needs of the global engineering community. RAND Worldwide, which holds a 46.5% ownership interest in this independent company, is using the ENGINEERING.com resource tool and website to add value for its customers by providing easy access to RAND Worldwide's products and services. ENGINEERING.com also provides a cost-effective Internet resource that extends the reach of RAND Worldwide's existing sales and service teams. As an Internet-based resource tool for the global engineering community, ENGINEERING.com also serves as a distribution channel for other technology and service providers, generating revenues for its stakeholders through prescribed transaction charges and other user fees.

CONCLUSION

Overall, the year 2000 has marked an important new plateau for RAND Worldwide. Not only has the Company continued to be profitable, but it has also established itself with effective new strategies, teams and tools to benefit from an exciting range of opportunities in a vast and growing international marketplace.

Financial Highlights

Rand A Technology Corporation

Rui Malhinha
CHIEF FINANCIAL OFFICER

INCOME STATEMENT

(in thousands of dollars)	2000	1999	1998	1997	1996
Revenue	**$ 420,525**	$ 440,411	$ 299,641	$ 233,433	$ 175,374
Cost of Sales	**231,411**	256,077	170,977	133,822	99,500
Gross Profit	**189,114**	184,334	128,664	99,611	75,874
Expenses	**151,950**	149,320	109,846	76,435	59,748
Operating Earnings (EBITDA)	**37,164**	35,014	18,818	23,176	16,126
Depreciation, Amortization and Interest	**18,414**	15,957	5,543	1,573	1,288
Earnings before Income Taxes, Other Income, Unusual Items and Goodwill Amortization	**18,750**	19,057	13,275	21,603	14,838
Earnings (Loss) before Income Taxes and Goodwill Amortization	**21,557**	19,057	(2,781)	21,603	14,838
Earnings (Loss) before Goodwill Amortization	**15,070**	13,535	(5,642)	12,919	8,763
Net Earnings (Loss)	**$ 13,876**	$ 12,470	$ (6,825)	$ 12,230	$ 8,249

BALANCE SHEET

(in thousands of dollars)	2000	1999	1998	1997	1996
Working Capital	**$ 50,264**	$ 32,074	$ 20,844	$ 52,836	$ 44,051
Total Assets	**214,857**	199,555	184,942	133,188	93,250
Long-term Debt	**3,506**	10,696	5,877	–	176
Shareholders' Equity	**$ 101,440**	$ 82,066	$ 74,805	$ 69,910	$ 55,150

Management's Discussion & Analysis

OVERVIEW

Rand A Technology Corporation ("RAND Worldwide" or the "Company") is a leading provider of knowledge-based solutions to organizations with mission-critical engineering design and information technology requirements. The Company is also the world's only technology-independent global provider in the automated design marketplace.

RAND Worldwide assists its customers in enhancing their competitive position and profitability by helping them to improve quality, reduce costs and shorten time-to-market cycles in the development of new products and services.

Fiscal 2000 included the Company's significant expansion into the Autodesk market through the acquisition of the following four resellers in North America: Technical Software, Inc., of Ohio; CAD Resource Centre, of Ontario; Fusion West, Inc., of Colorado; and CADD Development Corporation, of Florida.

In addition, the Company created and launched ENGINEERING.com as an independent entity being developed for the global engineering community. As at December 31, 2000, RAND Worldwide owned a 46.5% equity interest in ENGINEERING.com Incorporated, which trades under the symbol "EGN" on The Canadian Venture Exchange (CDNX).

Fiscal 2000 was highlighted by:

i) Cash position increased from a short term borrowing position, net of cash on hand, of $2.3 million as at December 31, 1999, to a net cash position of $4.7 million as at December 31, 2000.

ii) Worldwide revenue decreased from $440.4 million in 1999 to $420.5 million in 2000. North American revenue decreased from $228.8 million in 1999 to $205.2 million in 2000. A decline in low margin, high volume hardware sales contributed to the decrease in revenue. Revenue from German operations decreased from $100.5 million in 1999 to $99.9 million in 2000. Revenue from other European operations increased from $103.8 million in 1999 to $105.6 million in 2000. Revenue was negatively impacted by foreign exchange fluctuations as European currencies weakened against the Canadian dollar. Asia Pacific revenue increased from $7.3 million in 1999 to $9.8 million in 2000.

iii) Revenue from our services business, which includes training, maintenance, and consulting, increased from $121.9 million in 1999 to $149.2 million in 2000, an increase of 22.4%.

iv) Gross profit percentage increased from 41.9% in 1999 to 45.0% in 2000, due to an increase in higher margin software and services revenue, as well as a decrease in low margin, high volume hardware revenue.

v) Operating expenses decreased from $46.6 million in 1999 to $44.8 million in 2000.

RESULTS OF OPERATIONS

REVENUE

Worldwide revenue decreased 4.5% in 2000 to $420.5 million, as compared to $440.4 million in 1999. Due to foreign exchange fluctuations relating to a weakening Euro against the Canadian dollar in 2000 compared with 1999, the Company's 2000 revenue was negatively impacted by approximately $29.0 million. In 1999, the Company generated $29.5 million ($20.0 million U.S.) in revenue in connection with the one-time sale of RAND Worldwide's proprietary software product, ModelCHECK, and related pending business, to PTC. Due in part to the Company's decision to reduce its focus on the lower margin hardware business, North American revenue decreased 10.3% from $228.8 million in 1999 to $205.2 million in 2000. North American hardware revenue decreased 44.1% from $85.2 million in 1999 to $47.6 million in 2000, while software and services revenue increased 9.8% from $143.5 million in 1999 to $157.6 million in 2000.

In 2000, the Company began its strategy of expanding into the Autodesk market through acquisitions. Newly acquired resellers, Technical Software, Inc., of Ohio, CAD Resource Centre, of Ontario, Fusion West, Inc., of Colorado, and CADD Development Corporation, of Florida, contributed $13.2 million in revenue during the year.

Revenue from German operations remained relatively flat at $99.9 million in 2000, compared to $100.5 million the previous year. Revenue from other European operations increased from $103.8 million in 1999 to $105.6 million in 2000. In January 2000, the Company completed the acquisition of ESC Gesellschaft fur CAD/CAM-Entwicklung Service Consultancy mbH, of Germany (ESC). ESC contributed revenue of $2.8 million in 2000. Asia Pacific revenue increased 34.2% in 2000 to $9.8 million, as compared to $7.3 million in 1999. In September 2000, the Company also acquired Automated Reasoning (Pty) Ltd., of South Africa, which contributed revenue to the Asia Pacific region of $0.5 million in 2000.

WORLDWIDE REVENUE
(MILLIONS)

SOFTWARE REVENUE

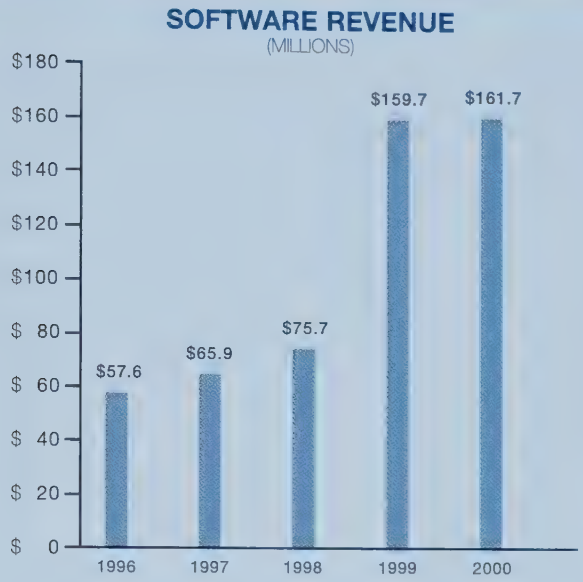
In 2000, as a means of further diversifying its business, the Company entered the Autodesk market with the acquisition of four resellers in North America. These resellers contributed $9.4 million to software revenue in 2000.

Throughout 2000, the Company continued to operate under the PTC Amended Agreement (as hereinafter defined) and, as a result, was able to increase revenue from the sale of PTC's Pro/ENGINEER software and related products. The Company also continued to diversify its best-in-class product offerings by focusing on developing and providing an extensive suite of complementary mechanical design automation (MDA) tools and product data management (PDM) products. The Company's software revenue increased 1.3% in 2000 to $161.7 million, as compared to $159.7 million in 1999 (see Note 13 to the consolidated financial statements for detail by segment). In 1999, the Company recorded $29.5 million ($20.0 million U.S.) in revenue in connection with the sale of the ModelCHECK software, to PTC. The sale of ModelCHECK provided the Company with a significant return on its research and development investments. Excluding the impact of the sale of ModelCHECK in 1999, software revenue increased 24.2% from $130.2 million in 1999 to $161.7 million in 2000.

Effective October 1, 1998, an amendment to the existing PTC Agreement provided the Company with exclusive access to approximately 10,000 existing Pro/ENGINEER customers with revenues under $10.0 million U.S. in North America and Europe (the "PTC Agreement"). In 1999, the PTC Agreement was further amended and extended until September 30, 2003, to enable RAND Worldwide to gain access to larger customers (the "PTC Amended Agreement"). During 2000, the Company had the exclusive right to sell to customers with revenues up to $50.0 million U.S. in North America, $20.0 million U.S. in Germany, $40.0 million U.S. in Denmark and Finland and $20.0 million U.S. throughout other specified European countries. Under the PTC Amended Agreement, the Company had the non-exclusive right to sell to customers with revenues up to $100.0 million U.S. in North America, $75.0 million U.S. in Germany, $50.0 million U.S. in the U.K., and $30.0 million U.S. throughout other countries in Europe.

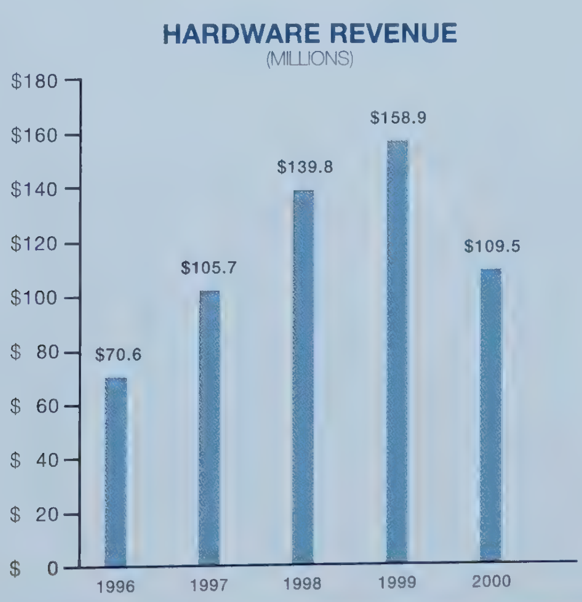
Subsequent to December 31, 2000, the Company entered into an Amended and Restated Distribution Agreement with PTC for North America and Western Europe ("the PTC Amended and Restated Agreement"). The terms of the PTC Amended and Restated Agreement provides RAND Worldwide with the non-exclusive right to sell PTC products to all customers with the exception of a list of approximately 2,000 customers that are exclusive to PTC. The Company also has the right to sell products to a defined list of customers included in PTC's exclusive list. The PTC Amended and Restated Agreement expires on September 30, 2005 (see Note 17 to the consolidated financial statements).

Also, subsequent to December 31, 2000, the Company extended its exclusive right to distribute PTC products in Eastern Europe until March 31, 2004 (see Note 17 to the consolidated financial statements).



HARDWARE REVENUE

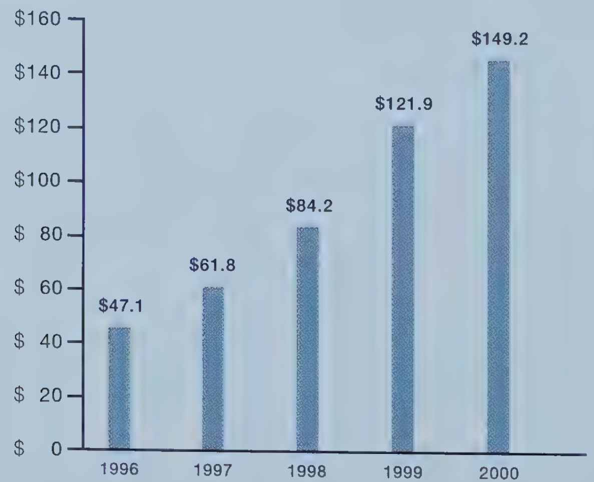
Hardware revenue decreased 31.1% from $158.9 million in 1999 to $109.5 million in 2000 (see Note 13 to the consolidated financial statements for detail by segment). Hardware revenue was impacted by the Company's accelerated strategy to migrate the traditionally low margin hardware sales business into the higher-value information technology services business. During 2000, the Company formed a new independent business division, the IT solutions group, that services the information technology systems and consulting market. The IT solutions group will provide solutions to improve management, performance, integrity, and reliability of IT systems, by offering consulting, maintenance, training, hardware and software support to our customers.



SERVICES REVENUE

Services revenue consists of revenue generated from maintenance support contracts, engineering services, training and education, consulting, systems implementation and installation. In 2000, total services revenue grew 22.4% to $149.2 million, from $121.9 million in 1999 (see Note 13 to the consolidated financial statements for detail by segment). This increase reflects our customers' need to continue to achieve productivity gains through the more effective use of existing technologies. Our training and consulting services are ideally targeted at this growing market segment. As a result of the PTC Amended Agreement and the expanded customer base, RAND Worldwide increased maintenance revenue by 27.3% to $81.5 million in 2000 from $64.0 million in 1999. Maintenance revenue in North America increased 24.2% from $31.8 million in 1999 to $39.5 million in 2000. Maintenance revenue in Germany increased 41.2% from $11.4 million in 1999 to $16.1 million in 2000, while other European offices increased maintenance revenue 22.7% from $19.8 million in 1999 to $24.3 million in 2000. Maintenance revenue in Asia Pacific increased by 60.0% from $1.0 million in 1999 to $1.6 million in 2000. In 2000, the Company continued to expand its training operations. The training business grew by 36.5% in 2000, from $29.6 million in 1999 to $40.4 million in 2000. Training revenue in North America increased 81.3% from $11.2 million in 1999 to $20.3 million in 2000. Training revenue in Germany increased 6.3% from $9.6 million in 1999 to $10.2 million in 2000, while other European offices increased training revenue 9.5% from $8.4 million in 1999 to $9.2 million in 2000. Training revenue in Asia Pacific increased 75.0% from $0.4 million in 1999 to $0.7 million in 2000.

SERVICES REVENUE
(MILLIONS)



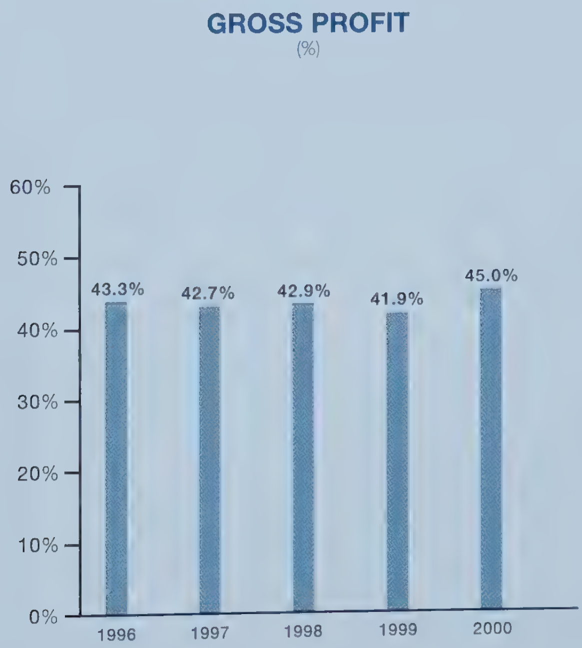
GROSS PROFIT

Gross profit margin increased from 41.9% in 1999 to 45.0% in 2000. Gross profit margin in North America increased from 39.1% in 1999 to 40.6% in 2000. German region gross profit margin was impacted by reduced hardware margin and decreased from 44.2% in 1999 to 43.2% in 2000. Other European offices increased gross profit margin from 45.5% in 1999 to 55.0% in 2000. Asia Pacific gross profit margin increased from 43.5% in 1999 to 47.2% in 2000. The Company's improved gross profit margin is principally attributable to:

i) The Company is the world's largest reseller of CAD/CAM/CAE technology. The continued growth of this worldwide distribution channel has enabled RAND Worldwide to negotiate increased margins from the technology developers. Developers are choosing to sell through the Company rather than incur the expensive and time consuming process of developing and maintaining an internal sales force.

ii) Gross profit is directly influenced by the Company's sales mix among services, software and hardware. Gross profit margins differ for each of these categories, with margins being higher in software and services and lower in hardware. In 2000, the Company had a proportionate increase in higher margin software and service revenue while decreasing lower margin hardware revenue.

iii) The Company tailors its products and services to the strategic requirements of an organization's engineering design needs, thereby reducing price sensitivity.



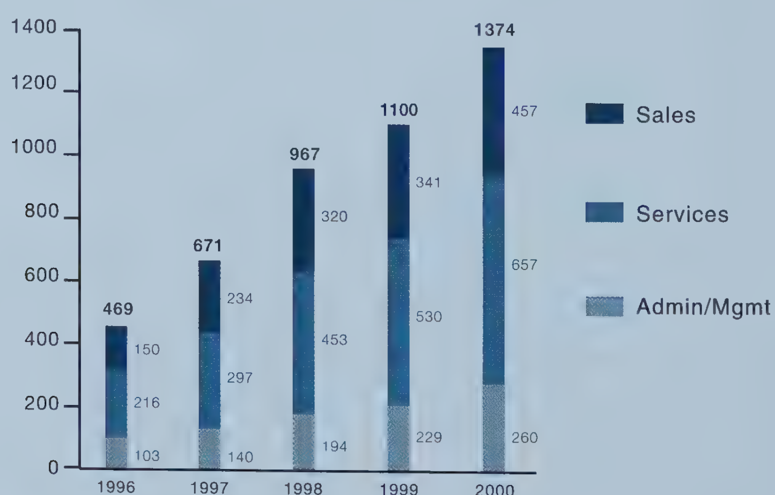
SALARIES, COSTS AND EMPLOYEES

To support its continued international expansion, the Company increased the number of employees in 2000. As at December 31, 2000, the Company employed 1,374 individuals worldwide, consisting of 518 in North America, 360 in Germany, 436 in other European regions, and 60 in Asia Pacific. This includes a sales force of 457 employees worldwide, consisting of 185 in North America, 109 in Germany, 143 in other European regions, and 20 in Asia Pacific. RAND Worldwide's sales and support team, which is one of the largest in the industry, is distributed throughout North America, Europe and the Asia Pacific region. As a result of the size and geographic presence of our sales force, technology inventors are attracted to the Company as a distribution and service partner.

In 2000, the Company continued to develop an inside sales force that now totals more than 90 employees, up from 60 at the end of 1999. Management believes that an increased contribution from inside sales is vital to the ongoing strategy to reduce the Company's selling costs. In addition, management also believes that ENGINEERING.com Incorporated (ENGINEERING.com), an Internet-based resource tool and business, of which RAND Worldwide owns 46.5%, is expected to become an important new distribution channel for the Company's software and service offerings. Through the ENGINEERING.com website, management believes the Company will be able to reach its large customer base more cost effectively.

The Company's engineering staff also continued to grow as a direct result of the growth in our services business. As at December 31, 2000, the Company employed 657 engineers worldwide, with 219 in North America, 187 in Germany, 225 in other European regions and 26 in Asia Pacific. In 1999, the Company employed 530 engineers worldwide with 143 in North America, 178 in Germany, 192 in other European regions and 17 in Asia Pacific.

EMPLOYEES BY FUNCTION



OPERATING EXPENSES

Operating expenses consist primarily of general and administrative expenses, as well as travel, communication and marketing costs. General and administrative expenses consist of occupancy costs, professional fees, leases, office supplies and services, and bad debt expenses. These expenses have remained constant as a percentage of sales at a rate of 10.7% in 2000 compared to 10.6% in 1999, but have decreased year over year by $1.8 million. The following factors have contributed to the overall decrease in operating expenses:

i) The Company increased marketing costs in 1999 due to the change in the Company's brand name to "RAND Worldwide" and the launch of the PTC Agreement. Marketing costs decreased from $3.8 million in 1999 to $2.5 million in 2000, due to an increase in joint marketing programs sponsored by suppliers and fewer expenditures related to developing the RAND Worldwide brand.

ii) Bad debt expense has decreased from $2.5 million in 1999 to $1.5 million in 2000. As a result of the PTC Amended Agreement, the Company's customer mix became more oriented towards medium to large sized customers with generally higher credit ratings.

iii) Travel expenditures also decreased in 2000 as a result of the increase in the number of regional sales and sales support teams in local marketplaces.

RESEARCH AND DEVELOPMENT

In 2000, the Company continued to develop complementary tools that will work with existing third party core technologies, as well as building the Company's own stand-alone applications, designed for multi-platform solutions. All research and development costs are expensed in the year incurred. Research and development costs were $5.9 million in 2000, compared to $4.2 million in 1999, an increase of 40.5%.

In 1999, the Company realized a significant return on its research and development initiatives with the $29.5 million ($20.0 million U.S.) sale of its ModelCHECK software to PTC.

The Company continues to see returns from development of proprietary products such as Q-Checker, a standards and data quality management software. Q-Checker has been purchased by companies such as DaimlerChrysler, EADS Airbus GmbH, and software distributor KGT, Inc., a wholly-owned subsidiary of Japan-based global industrial conglomerate, Kubota Corporation.

DEPRECIATION AND AMORTIZATION OF CAPITAL AND INTANGIBLE ASSETS

Depreciation and amortization of capital assets and intangible assets increased to $6.2 million in 2000, up from $5.9 million in 1999. This increase is a result of continued investments in computer and network technologies.

AMORTIZATION OF DISTRIBUTION RIGHTS

Amortization of distribution rights increased from $8.3 million in 1999 to $10.7 million in 2000. The change includes the amortization of the costs associated with the distribution rights acquired under the PTC Amended Agreement as well as a full year of amortization relating to the Eastern European Distribution Agreement, entered into with PTC in 1999.

Subsequent to December 31, 2000, the Company extended the Eastern European Distribution Agreement from October 1, 2001 to March 31, 2004 for additional consideration of approximately $10.0 million U.S.

INTEREST EXPENSE

Interest expense was $1.5 million in 2000, compared to $1.8 million in 1999. The decrease in interest expense is a result of the Company borrowing less on average than it had throughout 1999. The Company ended the year in a net cash position compared to a net short term borrowing position at the end of 1999.

OTHER INCOME

In 2000, the Company recorded other income of $2.8 million consisting of the following:

i) Dilution gain of $5.9 million on reduction of ownership in ENGINEERING.com – ENGINEERING.com was incorporated on March 31, 2000 as a wholly-owned subsidiary of the Company. ENGINEERING.com raised gross proceeds of $12,000,000 through a private placement of equity on May 31, 2000. ENGINEERING.com amalgamated with Patfind Inc., an Alberta-based capital pool company listed on The Canadian Venture Exchange (CDNX) on September 18, 2000. Prior to the above transactions, the Company's investment in ENGINEERING.com had a carrying value of nil. As a result of the above transactions, the Company's ownership position in ENGINEERING.com was reduced to 46.5% from 100.0%.

ii) Equity in net losses of ENGINEERING.com of $2.0 million – During the year, the Company recorded $2.0 million as its proportionate share of losses incurred by ENGINEERING.com.

iii) Restructuring charges of $1.1 million – The Company recorded restructuring costs of $0.5 million related to employee severance costs due to downsizing in certain locations as a result of a shift in product focus. Also in 2000, due to changes to the Company's product offering, the Company incurred $0.6 million to eliminate all outstanding obligations relating to the termination of distribution rights of a software product.

INCOME TAXES

The Company recorded a tax provision of $6.5 million during the year, compared to a tax provision of $5.5 million in the previous year. The effective tax rate has remained constant at 29% from 1999 to 2000. During the year, the Company recognized some of its earnings in jurisdictions with a lower rate of tax than in Canada. The benefit of losses in certain jurisdictions, available for carry forward to be offset against taxable income in future years, has not been recognized by the Company in the consolidated financial statements. As at December 31, 2000, these losses totaled approximately $19.0 million (see Note 11 to the consolidated financial statements).

AMORTIZATION OF GOODWILL

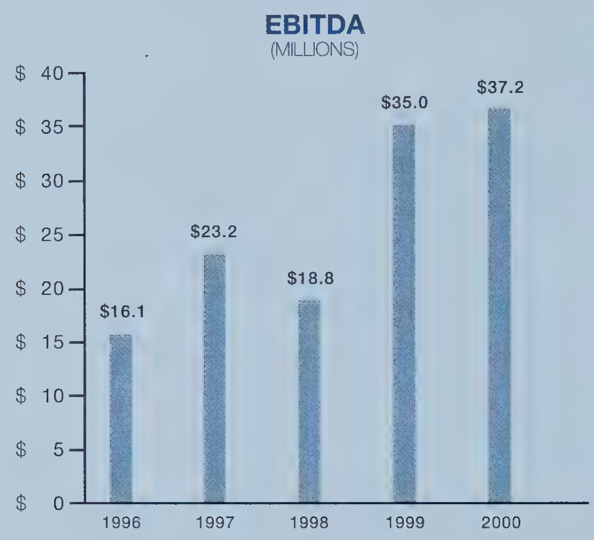
Goodwill amortization, net of income taxes, was $1.2 million in 2000, compared to $1.1 million in 1999. The increase was due to $4.4 million in goodwill recognized on acquisitions completed during the year. In 2000, the Company acquired 100% of the outstanding shares of ESC Gesellschaft fur CAD/CAM-Entwicklung Service Consultancy mbH, of Germany, Technical Software, Inc., of Ohio, Cad Resource Centre, of Ontario, Automated Reasoning (Pty) Ltd., of South Africa, CADD Development Corporation, of Florida, and Fusion West, Inc., of Colorado. Also in 2000, the Company exercised its option to acquire 49% of 1 Direct LLC of California. Earn-out payments made during 2000 relating to acquisitions made in previous years resulted in a further addition of $1.0 million (1999 – $2.2 million) to goodwill. The Company funded these acquisitions with a combination of cash, the issuance of Common Shares of the Company, and promissory notes. The principal amount payable under the promissory notes is typically calculated through earn-out formulas based on the financial performance of the acquired companies.

EARNINGS

Operating earnings (EBITDA) increased from $35.0 million in 1999 to $37.2 million in 2000. Operating earnings decreased in North America from $24.2 million in 1999 to $18.1 million in 2000. Operating earnings in 1999 had been impacted in North America by the sale of RAND Worldwide's proprietary software product, ModelCHECK, and related pending business, to PTC. Operating earnings increased in Germany from $4.2 million in 1999 to $5.0 million in 2000, while earnings in other European regions increased from $7.3 million in 1999 to $14.8 million in 2000. Earnings before income taxes, other income and goodwill amortization decreased from $19.1 million in 1999 to $18.8 million in 2000. Earnings before income taxes, other income and goodwill amortization decreased in North America from $13.9 million in 1999 to $7.4 million in 2000, increased in Germany from $2.5 million in 1999 to $3.5 million in 2000 and increased in other European regions from $3.5 million in 1999 to $8.7 million in 2000. Earnings before income taxes, other income and goodwill amortization remained constant in Asia Pacific year over year at a loss of $0.8 million. Earnings before goodwill amortization were $15.1 million in 2000, compared to $13.5 million in 1999. Net earnings were $13.9 million in 2000, compared to net income of $12.5 million in 1999.

Earnings per Common Share before amortization of goodwill for the year ended December 31, 2000 were $0.93 per Common Share, compared to $0.85 per Common Share for 1999.

Net earnings per Common Share for the year ended December 31, 2000 were $0.86 per Common Share, compared to net earnings of $0.79 per Common Share for 1999. The weighted average number of Common Shares outstanding for the year ended December 31, 2000 was 16,192,689, compared to 15,871,009 in 1999.



The following sets forth for each of the eight quarters ending December 31, 2000, information relating to the Company's revenue, net income and earnings per Common Share.

(in thousands of dollars, except per share amounts)

2000	Dec. 31	Sept. 30	June 30	Mar. 31
Revenue	$ 112,523	$ 104,434	$ 102,280	$ 101,288
Net Income	$ 4,823	$ 3,512	$ 3,140	$ 2,401
Earnings per Common Share(1)	$ 0.30	$ 0.22	$ 0.20	$ 0.15
Fully Diluted Earnings Per Common Share(2)	$ 0.28	$ 0.21	$ 0.19	$ 0.15

1999	Dec. 31	Sept. 30	June 30	Mar. 31
Revenue	$ 109,646	$ 119,638	$ 105,379	$ 105,748
Net Income	$ 3,251	$ 4,354	$ 3,196	$ 1,669
Earnings per Common Share(1)	$ 0.20	$ 0.27	$ 0.20	$ 0.11
Fully Diluted Earnings Per Common Share(2)	$ 0.20	$ 0.26	$ 0.19	$ 0.11

(1) Earnings per Common Share have been calculated based on the weighted average number of Common Shares outstanding.

(2) Fully diluted earnings per Common Share have been calculated based on the assumption that all outstanding options to acquire Common Shares would be exercised.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2000, the Company was in a net cash position of $4.7 million. This compares to a short-term borrowing position, net of cash on hand, of $2.3 million at December 31, 1999. The year over year improvement in the Company's cash position was achieved through cash generated from operations.

At December 31, 2000, the Company had a credit facility agreement with a Canadian chartered bank, that provided for a line of credit up to $55.0 million, which may be drawn in U.S., Canadian and Euro currencies, and $15.0 million U.S. in non-revolving and overdraft facilities. At December 31, 2000, the Company had utilized $9.0 million U.S. in short-term facilities and 6.3 million Euro in non-revolving term facilities. Borrowings under the line of credit facility bear interest at rates based on the bank's prime lending rate in the case of Canadian dollar based borrowings, and LIBOR plus 0.875% and 0.625% in the case of U.S. dollar or Euro-based borrowings, respectively. The Company has provided the bank with a General Security Agreement as security for the borrowings. Under the terms of the credit facility agreement, the Company is required to meet certain ratios. At December 31, 2000, the Company was in compliance with the terms of the credit facility agreement.

The Company expects to continue to expand its operations through strategic acquisitions and internal growth. Management believes that cash generated from operations in 2001, together with existing operating and term credit facilities, will enable the Company to fund ongoing acquisition and expansion strategies over the short-term. As well, the Company expects to continue its practice of funding a portion of any acquisition through the issuance of Common Shares.

During 2000, the Company generated $22.6 million from operating activities and used $6.8 million for financing activities. The Company used $10.6 million to fund acquisitions and capital asset expenditures.

In order to finance the payment for the extended distribution rights in Eastern Europe and other amounts due under the PTC Amended and Restated Agreement, the Company provided a non-interest bearing promissory note to PTC in the principal amount of $15.0 million U.S., with $10.4 million U.S. payable in 2001, and $4.6 million payable in 2002 (see Note 17 to the consolidated financial statements).

Subsequent to 2000, the Company purchased Oracle Enterprise Resource Planning software tools to improve and upgrade its operational systems.

HEDGING STRATEGY

The Company operates in foreign markets and conducts most of its business in local currency. As a result, foreign exchange exposure exists on the net monetary assets and liabilities denominated in foreign currencies and on the net investment in foreign subsidiaries. The income statement and balance sheets of the foreign subsidiaries are translated into Canadian dollars on consolidation. As a result, revenue and earnings are affected by the value of the Canadian dollar relative to foreign currencies. In 2000, the Canadian dollar increased in value relative to European currencies, causing lower earnings and revenue growth in Europe relative to 1999. When the Canadian dollar falls relative to a foreign currency in which the Company is operating, earnings and revenue reported in Canadian dollars are affected in a positive manner. The opposite is true during periods of strength for the Canadian dollar. The Company hedged a portion of its U.S. dollar exposure through short and long term U.S. dollar and Euro denominated borrowings.

RISKS

i) Under the PTC Amended and Restated Agreement, entered into subsequent to December 31, 2000, the Company is entitled to distribute PTC's Pro/ENGINEER software product line and related software maintenance to all companies with the exception of a list of approximately 2,000 customers exclusive to PTC. The Company's distribution rights are subject to meeting various performance benchmarks. There is no guarantee that these performance benchmarks will be met. Under the PTC Amended and Restated Agreement, the Company now has access to a larger customer base. Access to this market may not result in increased revenue or earnings.

ii) With the PTC Amended and Restated Agreement, a significant portion of the Company's total revenue will be derived from the sale of PTC products. The Company does not have control over the development of PTC's products

and, as a result, will rely on PTC to continue the level of investment required to maintain the position of its CAD products in the market.

iii) Superior technology tools may become available in the marketplace and it is possible that the Company may not have the opportunity to represent and sell these products. However, management believes that, as the world's largest reseller of CAD/CAM/CAE technology, any such superior tool set would be made available to the Company.

ACQUISITIONS AND GEOGRAPHIC EXPANSION

During 2000, the Company established thirteen new offices, eight of which resulted from the acquisition of CAD/CAM/CAE resellers. Management will continue its strategy of opening new offices in areas where significant market opportunities exist. During 2000, the Company completed acquisitions in Germany and South Africa. The Company also began its expansion into the Autodesk market through acquisitions of four resellers in North America. Selective strategic acquisitions are expected to be a continuing part of the Company's growth strategy. In 2000, the following business acquisitions were completed:

i) Effective January 1, 2000, the Company purchased 100% of the outstanding shares of ESC Gesellschaft fur CAD/CAM-Entwicklung Service Consultancy mbH, located in Germany.

ii) Effective January 1, 2000, the Company purchased 100% of the outstanding shares of Technical Software, Inc., located in Ohio, United States.

iii) Effective April 1, 2000, the Company purchased 100% of the outstanding shares of Seacliff Computer Services Inc. (dba CAD Resource Centre), located in Ontario, Canada.

iv) Effective July 1, 2000, the Company purchased 100% of the outstanding shares of Automated Reasoning (Pty) Ltd., located in South Africa.

v) Effective December 1, 2000, the Company purchased 100% of the outstanding shares of CADD Development Corporation, located in Florida, United States.

vi) Effective December 15, 2000, the Company purchased 100% of the outstanding shares of Fusion West, Inc., located in Colorado, United States.

SUMMARY

Significant progress was made in 2000 to enhance the Company's position as a leading worldwide knowledge-based solutions provider through several initiatives:

- Initiated its expansion into the Autodesk market through acquisitions.
- Initiated a new independent business division, the IT solutions group, that will service the information technology systems and consulting market.
- Launched ENGINEERING.com, an Internet-based resource tool and business in which the Company owns 46.5%, and which will become an important new distribution channel for the Company's software and service offerings.
- Completed the PTC Amended and Restated Agreement, which provides the Company with the right to distribute Pro/ENGINEER software to a larger potential market.

Statement of Corporate Governance Practices

Our mission is to create and build value for our shareholders. The Toronto Stock Exchange (the "TSE") has a series of guidelines that are referenced by the Company's Board of Directors and its committees in establishing its policy of corporate governance. Both the directors and management recognize the need for ongoing review and evaluation of the corporate governance program in order to improve its effectiveness. The Company believes that, in compliance with the TSE listing requirement, the following describes RAND Worldwide's current corporate governance practices.

MANDATE OF THE BOARD

The Board holds regular quarterly meetings, as well as special meetings as required. In addition to its statutory responsibilities, the Board is responsible for: (a) overseeing the Company's business plan; (b) assessing the principal risks inherent in its business activities; (c) appointing all senior executives; (d) through the Compensation Committee, developing and maintaining executive compensation policies and reviewing the performance of senior executives; (e) overseeing corporate policies regarding public communications, investor relations and shareholder communications; (f) monitoring and assessing the scope, implementation and integrity of the Company's internal information, audit and control systems, and (g) reviewing management development programs and considering matters relating to succession planning.

COMPOSITION OF THE BOARD

As at December 31, 2000, five of the Company's eight Board members were considered by the Board to be "outside" directors as they are neither officers nor employees of the Company. In addition, they are considered to be "unrelated" directors as they are free from any interest or business or other relationship that could interfere with their ability as directors to act in the best interests of the Company, other than through interests and relationships arising from shareholdings. The Board periodically examines its size and constitution to facilitate responsible corporate governance and effective management.

GOVERNING COMMITTEES

The Board has established an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee to focus resources and expertise in specific areas related to its mandate.

The Audit Committee comprises three directors, each of whom are considered by the Board to be "outside" and "unrelated". This Committee is responsible for overseeing that management has implemented an effective system of internal financial controls; for liaising effectively with external auditors; for reviewing the Company's annual and interim financial statements; and for overseeing compliance with regulatory and statutory requirements regarding financial reporting, taxation and disclosure of material facts. The Audit Committee also reviews policies and business practices that may impact the financial integrity of the Company, including internal auditing, insurance, accounting, information services and systems, financial controls, management reporting and risk management.

The Compensation Committee comprises three directors, each of whom are considered to be "outside" and "unrelated". This Committee is responsible for monitoring executive compensation policies, reviewing senior management compensation and making recommendations for approval by the Board.

The Corporate Governance and Nominating Committee comprises three directors, each of whom are considered to be "outside" and "unrelated". This Committee is responsible for reviewing, developing and monitoring the Company's approach to corporate governance issues and administering an effective corporate governance strategy. This Committee also identifies, evaluates and recommends nominee directors in consultation with the Chairman, Chief Executive Officer and President.

ORIENTATION

Prospective directors are provided with an information package identifying the specifics of the Company's business. New directors are encouraged to meet with senior management and to visit the Company's head office and other facilities prior to the commencement of their term.

EXPECTATIONS OF MANAGEMENT AND INDEPENDENCE OF THE BOARD

The Board expects management to report in a comprehensive, accurate and timely fashion on the business of the Company generally, and on specific matters of material consequence to the Company and its shareholders. Management is expected to continually develop and review the Company's strategies for growth and market expansion, to make the decisions that will give effect to these strategies, to adhere to the Company's operational policies and to monitor its financial performance. Management is required to seek Board approval for any transaction which is out of the ordinary course of business or could be considered to be material to the business of the Company.

A primary concern of the Company's corporate governance policy is the Board's independence from management. The Chairman of the Board and the Chief Executive Officer are separate positions within the Company's management group. The Board's independence is further enhanced by a procedure that allows unrelated directors to meet as a committee, excluding any management, at such times as deemed necessary by any unrelated member of the Board.

Individual directors may also engage outside independent advisors at the expense of the Company in circumstances related to the directors' role in the Company, providing that prior authorization is received from at least two other unrelated directors and approval of the fees by the Chief Financial Officer.

SHAREHOLDER COMMUNICATION

The fundamental objective of the Company's shareholder communication policy is to ensure open and timely exchange of information in accordance with securities legislation and other statutory and contractual obligations. Information material to the Company's business is released through newswire services, the media, telephone conferences with investors and investment analysts, and shareholder mailings. Additionally, individual queries, comments or suggestions can be made at any time directly to the Company's Investor Relations Department located at its Corporate Head Office.

Management's Responsibility for Financial Reporting

TO THE SHAREHOLDERS OF RAND A TECHNOLOGY CORPORATION:

The consolidated financial statements and other financial information in this Annual Report were prepared by the management of Rand A Technology Corporation, reviewed by the Audit Committee and approved by the Board of Directors.

Management is responsible for the consolidated financial statements and believes that they present fairly the Company's financial condition and results of operations in conformity with generally accepted accounting principles. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel, and through the adoption and communication of financial and other relevant policies.

The shareholders have appointed Arthur Andersen LLP to audit the consolidated financial statements. Their report outlines the scope of their examination and their opinion.

Dennis Semkiw
CHAIRMAN OF THE BOARD

Rui Malhinha
CHIEF FINANCIAL OFFICER

TO THE SHAREHOLDERS OF RAND A TECHNOLOGY CORPORATION:

We have audited the consolidated balance sheets of Rand A Technology Corporation as at December 31, 2000 and 1999 and the consolidated statements of operations, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Arthur Andersen LLP

February 16, 2001
MISSISSAUGA, CANADA

Consolidated Balance Sheets

Rand A Technology Corporation
As at December 31, 2000 and 1999 (in thousands of dollars)

	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and short-term investments, net (Note 2)	**$ 4,662**	$ –
Accounts receivable (Note 12)	**100,871**	90,562
Inventory	**6,878**	8,406
Prepaid expenses and deposits	**34,030**	27,982
Current portion of lease receivable	**2,621**	1,845
	149,062	128,795
CAPITAL ASSETS, net (Note 3)	**12,593**	13,735
OTHER ASSETS, net (Notes 4 and 8)	**53,202**	57,025
	$ 214,857	$ 199,555
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank indebtedness, net of cash (Note 2)	**$ -**	$ 2,314
Accounts payable and accrued liabilities (Note 12)	**49,860**	57,655
Notes payable (Note 9)	**1,508**	1,373
Deferred revenue	**35,963**	27,538
Current portion of long-term debt (Note 5)	**8,589**	6,562
Income taxes payable	**2,878**	1,279
	98,798	96,721
LONG-TERM DEBT (Note 5)	**3,506**	10,696
FUTURE INCOME TAXES (Note 11)	**11,113**	10,072
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	**51,278**	47,789
Retained earnings	**51,269**	38,380
Cumulative translation account	**(1,107)**	(4,103)
	101,440	82,066
	$ 214,857	$ 199,555

Approved on behalf of the Board of Directors,

DENNIS SEMKIW
CHAIRMAN OF THE BOARD

NICK MANCINI
DIRECTOR

The accompanying notes are an integral part of these consolidated balance sheets.

Consolidated Statements Of Operations

Rand A Technology Corporation
or the years ended December 31, 2000 and 1999 (in thousands of dollars, except earnings per share and weighted average data)

	2000	1999
REVENUE	$ 420,525	$ 440,411
COST OF SALES	231,411	256,077
GROSS PROFIT	189,114	184,334
EXPENSES		
Salaries and commissions	101,223	98,551
Operating expenses	44,788	46,598
Research and development	5,939	4,171
	151,950	149,320
OPERATING EARNINGS (EBITDA) BEFORE:	37,164	35,014
Depreciation of capital assets	5,540	5,404
Amortization of intangible assets	709	496
Amortization of distribution rights	10,688	8,297
Interest expense	1,477	1,760
	18,414	15,957
Earnings before Income Taxes, Other Income and Goodwill Amortization	18,750	19,057
Other Income, net (Note 10)	2,807	–
Earnings before Income Taxes and Goodwill Amortization	21,557	19,057
Provision for Income Taxes (Note 11)	6,487	5,522
EARNINGS BEFORE GOODWILL AMORTIZATION	15,070	13,535
GOODWILL AMORTIZATION, net of income taxes of $721 ($537 -1999)	1,194	1,065
NET EARNINGS	$ 13,876	$ 12,470
EARNINGS PER SHARE BEFORE GOODWILL AMORTIZATION	$ 0.93	$ 0.85
NET EARNINGS PER SHARE (Note 1)	$ 0.86	$ 0.79
FULLY DILUTED EARNINGS PER SHARE (Note 1)	$ 0.83	$ 0.77
WEIGHTED AVERAGE NUMBER OF SHARES – basic	16,192,689	15,871,009
WEIGHTED AVERAGE NUMBER OF SHARES – fully diluted	17,862,536	17,523,293

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements Of Retained Earnings

Rand A Technology Corporation
For the years ended December 31, 2000 and 1999 (in thousands of dollars)

	2000	1999
RETAINED EARNINGS, beginning of year	$ 38,380	$ 25,910
ADD: Net Earnings	13,876	12,470
LESS: Shares Cancelled (Note 6)	(987)	-
RETAINED EARNINGS, end of year	$ 51,269	$ 38,380

The accompanying notes are an integral part of these consolidated statements.

Consolidated Cash Flow Statements

Rand A Technology Corporation

For the years ended December 31, 2000 and 1999 (in thousands of dollars)

	2000	1999
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net earnings	**$ 13,876**	$ 12,470
Add - Items not affecting cash		
Depreciation and amortization	**18,852**	15,799
Dilution gain, net of equity in losses of ENGINEERING.com	**(3,916)**	-
Future income taxes	**1,041**	5,340
Changes in operating assets and liabilities other than cash (Note 12)	**(7,267)**	(24,040)
CASH PROVIDED BY OPERATING ACTIVITIES	**22,586**	9,569
FINANCING ACTIVITIES		
Issuance of share capital (Note 6)	**252**	1,632
Repurchase of share capital (Note 6)	**(1,490)**	-
Notes payable, net (Note 9)	**(435)**	(3,143)
Advances of long-term debt (Note 5)	**-**	11,479
Repayment of long-term debt (Note 5)	**(5,163)**	(1,753)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	**(6,836)**	8,215
INVESTING ACTIVITIES		
Acquisitions (Note 8)	**(2,562)**	(2,008)
Additions to other assets	**(4,400)**	(18,219)
Additions to capital assets	**(3,640)**	(6,534)
CASH USED IN INVESTING ACTIVITIES	**(10,602)**	(26,761)
CUMULATIVE TRANSLATION EFFECTS	**1,828**	(1,694)
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	**6,976**	(10,671)
CASH AND SHORT-TERM INVESTMENTS, (BANK INDEBTEDNESS), beginning of year	**(2,314)**	8,357
CASH AND SHORT-TERM INVESTMENTS, (BANK INDEBTEDNESS), end of year	**$ 4,662**	$ (2,314)

The accompanying notes are an integral part of these consolidated statements.

1. SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

These consolidated financial statements include the accounts of Rand A Technology Corporation and its subsidiaries (collectively the "Company" or "RAND Worldwide"). All intercompany accounts and transactions have been eliminated.

The Company distributes CAD/CAM/CAE products, which include software, hardware and related services. Related services include maintenance, training and consulting. The hardware is sourced primarily from relatively few vendors. A significant proportion of the software is sourced primarily from one vendor.

USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INVENTORY

Inventory is recorded at the lower of actual cost and net realizable value. Inventory consists of computer systems and software for resale.

GOODWILL

Goodwill represents the excess of purchase consideration over the fair value of net identifiable assets acquired. Goodwill is amortized on a straight-line basis over five to twenty years. The Company's policy with respect to the potential impairment of goodwill is determined by comparison of the carrying value of unamortized goodwill with the estimated undiscounted future cash flows of the related entity. Goodwill is only written down when it has been determined that there has been a permanent impairment in the value of unamortized goodwill.

EARNINGS PER SHARE

Earnings per share have been calculated based on the weighted average number of Common Shares outstanding. The calculation of fully diluted earnings per share assumes that, if a dilutive effect is produced, all outstanding options had been exercised at the later of the beginning of the fiscal period and the option issue date.

FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

With respect to accounts receivable, concentration of credit risk is limited due to the wide customer base. The Company has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks. Anticipated bad debt losses have been provided for in the allowance for doubtful accounts. The carrying amounts for cash and short-term investments, bank indebtedness, receivables, payables and accrued liabilities approximate fair market value because of the short maturity of these instruments. The Company is subject to foreign exchange risk due to short and long-term borrowings in U.S. dollars and Euro currency. Borrowings outstanding are described in Notes 2 and 5.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets are recorded at cost and are depreciated using the declining balance method at the following annual rates:

Computer hardware and software	30%
Office furniture and equipment	20%
Motor vehicles	30%

Leasehold improvements are amortized using the straight-line basis over the term of the lease. The Company also incurs costs to develop software for internal use. Costs incurred to develop this software are expensed in the period incurred.

REVENUE RECOGNITION

Hardware sales are recognized when title passes, which coincides with shipment to and acceptance by the customer. Revenue from the licensing of software products is recognized when the Company has delivered the software and satisfied all contractual obligations.

Revenue from software support contracts, which includes product updates, telephone hotline support, local on-site engineering support and revision loading are recognized on a straight-line basis over the life of the contract. Revenue from hardware support contracts is recognized on a straight-line basis over the life of the contract. These contracts are normally one year in duration.

Revenue from other service-related activities, including training, custom programming, networking, integration, engineering and consulting services are recognized as the services are performed.

RESEARCH AND DEVELOPMENT COSTS

The Company incurs costs to research and develop computer software to be licensed, marketed and sold to customers. All costs incurred up to the date on which the software is considered to be commercially viable are expensed in the period in which they are incurred.

ACCOUNTING FOR INCOME TAXES

The Company adopted section 3465 of the CICA Handbook regarding accounting for income taxes. This section requires the use of the asset and liability method for accounting for income taxes. Under the asset and liability method, assets or liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis (temporary differences).

Future income tax assets and liabilities are measured using income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Future income tax assets are evaluated annually and if realization is not considered more likely than not, the value of the future tax asset is adjusted by a charge to income.

The adoption of section 3465 of the CICA Handbook did not result in a material adjustment to these financial statements.

FOREIGN CURRENCY TRANSLATION

Substantially all of the Company's subsidiaries are regarded as self-sustaining subsidiaries and are translated using the current rate method. Under this method, assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Revenues and expenses are translated using exchange rates approximating those in effect when the transactions occur. Unrealized gains and losses on translation are segregated in the shareholders' equity section of the balance sheet in the cumulative translation account. Monetary assets and liabilities denominated in foreign currencies are recorded in Canadian dollars at the exchange rate in effect at the balance sheet date. Exchange gains and losses arising on translation are included in earnings. Revenues and expenses are recorded using exchange rates that approximate those in effect when the transaction occurs.

STOCK-BASED COMPENSATION PLANS

The Company has a Stock Option Plan, which is described in Note 7. No compensation expense is recognized when stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of Common Shares is credited to share capital. If Common Shares or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the Common Shares or stock options cancelled is charged to retained earnings.

INVESTMENTS

The Company uses the equity method of accounting for its investments in companies in which it owns 50% or less, and over which it exercises significant influence. Under this method, the Company includes in net earnings its share of the net earnings or losses of these associated companies, net of any dilution gains. Investments in other companies are carried at cost or at cost less amounts written off to reflect an impairment in value.

2. CASH AND SHORT-TERM INVESTMENTS

(in thousands of dollars)	**2000**	1999
Short-term investments	**$ 2,551**	$ 1,502
Cash on hand, net of short-term borrowing	**2,111**	(3,816)
	$ 4,662	$ (2,314)

At December 31, 2000, the Company had a credit facility agreement with a Canadian chartered bank, that provided for a line of credit up to $55.0 million, which may be drawn in U.S., Canadian and Euro currencies, and $15.0 million U.S. in non-revolving and overdraft facilities. At December 31, 2000, the Company had utilized $9.0 million U.S. in short-term facilities and 6.3 million Euro in non-revolving term facilities.

Borrowings under the line of credit facility bear interest at rates based on the bank's prime lending rate in the case of Canadian dollar based borrowings, and LIBOR plus 0.875% and 0.625% in the case of U.S. dollar or Euro-based borrowings, respectively. The Company has provided the bank with a General Security Agreement as security for the borrowings.

Under the terms of the credit facility agreement, the Company is required to meet certain current asset to current liability, debt to tangible net worth and debt to earnings before interest, tax, depreciation and amortization ratios. At December 31, 2000, the Company was in compliance with the terms of the credit facility agreement.

Investments are placed in short-term, low risk commercial paper and guaranteed investment certificates.

3. CAPITAL ASSETS

(in thousands of dollars)		**2000**	
	Cost	**Accumulated Depreciation & Amortization**	**Net**
Computer hardware and software	**$ 23,354**	**$ 14,831**	**$ 8,523**
Office furniture and equipment	**5,968**	**2,841**	**3,127**
Motor vehicles	**846**	**742**	**104**
Leasehold improvements	**1,959**	**1,120**	**839**
	$ 32,127	**$ 19,534**	**$ 12,593**

(in thousands of dollars)		1999	
	Cost	Accumulated Depreciation & Amortization	Net
Computer hardware and software	$ 21,190	$ 12,166	$ 9,024
Office furniture and equipment	6,180	2,547	3,633
Motor vehicles	1,042	688	354
Leasehold improvements	1,529	805	724
	$ 29,941	$ 16,206	$ 13,735

4. OTHER ASSETS

In 1998, the Company signed a five year Master Distributor Agreement with PTC (the "PTC Agreement"), which was to expire on September 30, 2003. The PTC Agreement provided the Company with the exclusive right to sell PTC products to companies below certain thresholds in North America and Europe. The Company also entered into an agreement with PTC in 1998 providing the Company with the exclusive right to distribute PTC products in Eastern European countries until September 30, 2001 (the "Eastern European Distribution Agreement").

Amounts paid to PTC as consideration for distribution rights are being amortized on a straight-line basis over the term of the respective PTC Agreements.

In 1999, the PTC Agreement was amended (the "PTC Amended Agreement") to, among other things, provide the Company with the exclusive right to sell PTC products to larger accounts than originally permitted under the 1998 PTC Agreement. Under the 1998 Agreement, the Company had the exclusive right to sell to accounts with revenues up to $10.0 million U.S. in North America and Europe. Under the PTC Amended Agreement, the Company has the exclusive right to sell to accounts as large as $50.0 million U.S. in certain territories. The Company also obtained the non-exclusive right to sell products to accounts with revenues up to $100.0 million U.S. in certain territories. The Company paid $10.0 million U.S. in the form of prepaid licenses as a fee for access to the non-exclusive customer base. The prepaid fee of $10.0 million U.S. will be recovered through a reduction of license fees otherwise payable to PTC on future sales of PTC products. The portion expected to be recovered by December 31, 2001 is included on the balance sheet under prepaid expenses and deposits. The portion expected to be recovered after one year is classified as a long-term asset and is listed on the following page.

During 1999, as a result of an extension of the Eastern European Distribution Agreement, the Company paid PTC $6.1 million ($4.0 million U.S.) as consideration for the right to distribute PTC Pro/ENGINEER products in Eastern Europe until September 30, 2000. This amount was fully amortized in 2000. In 2000, a further $4.5 million ($3.0 million U.S.) was paid to PTC to extend the distribution rights to September 30, 2001. This amount is being amortized on a straight-line basis over the life of the extended Eastern European Distribution Agreement.

OTHER ASSETS (Continued)

Subsequent to December 31, 2000, the PTC Amended Agreement and the Eastern European Distribution Agreement were amended as described in Note 17.

Other assets also include the long-term portion of a lease receivable. The amount is due in connection with a long-term customer contract in Germany. The lease is due in monthly principal payments of $259,175 plus interest of 4.2%.

(in thousands of dollars)		**2000**	
	Cost	**Accumulated Amortization**	**Net**
Distribution rights	**$ 40,159**	**$ 19,779**	**$ 20,380**
Goodwill	**32,200**	**9,968**	**22,232**
Other intangibles	**3,863**	**1,816**	**2,047**
	$ 76,222	**$ 31,563**	**$ 44,659**
Cost of prepaid license fees			**2,891**
Long-term portion of lease receivable			**1,585**
Equity investment in ENGINEERING.com			**3,916**
Other equity investments			**151**
			$ 53,202

(in thousands of dollars)		1999	
	Cost	Accumulated Amortization	Net
Distribution rights	$ 34,598	$ 8,974	$ 25,624
Goodwill	26,523	8,069	18,454
Other intangibles	3,762	809	2,953
	$ 64,883	$ 17,852	$ 47,031
Cost of prepaid license fees			8,042
Long-term portion of lease receivable			1,952
			$ 57,025

ENGINEERING.com is the developer-owner of the www.ENGINEERING.com website and Internet-based software and business. The website is being developed as a resource tool for the global engineering community and to provide a business-to-business Internet marketplace for engineering products and services. ENGINEERING.com was incorporated on March 31, 2000 as a wholly-owned subsidiary of the Company. ENGINEERING.com raised gross proceeds of $12,000,000 through a private placement of equity on May 31, 2000. ENGINEERING.com was amalgamated with Patfind Inc., an Alberta-based capital pool company listed on The Canadian Venture Exchange (CDNX) on September 18, 2000. Prior to the above transactions, the Company's investment in ENGINEERING.com had a carrying value of nil. As a result of the above transactions, the Company's ownership position in ENGINEERING.com was reduced to 46.5% from 100.0%. This resulted in dilution gains totaling $5.9 million. During the year, the Company recorded $2.0 million as its share of losses recorded by ENGINEERING.com. The dilution gain net of the Company's equity loss has been recorded in Other Income in the Statements of Operations (see Note 10).

5. LONG-TERM DEBT

(in thousands of dollars)	2000	1999
Term loan, bearing interest at 6.49%, denominated in U.S. Dollars, repayable in monthly principal payments of $83,333 U.S. plus interest, plus a final payment of $2,083,345 U.S. due in October, 2001.	$ 4,376	$ 5,653
Term loan, bearing interest at 8.27%, denominated in U.S. Dollars, repayable in monthly principal payments of $83,333 U.S. plus interest, due in December, 2002.	3,000	4,330
Obligation under capital lease, bearing interest at 4.8%, repayable in monthly principal payments of $173,907 plus interest, due in December, 2002.	4,174	6,417
Other long-term debt	545	858
	12,095	17,258
Less: current portion of long-term debt	8,589	6,562
	$ 3,506	$ 10,696

6. SHARE CAPITAL

Authorized

An unlimited number of Common Shares

An unlimited number of Class A Preference Shares

Outstanding Common Shares (in thousands)	2000		1999	
	# of Shares	$	# of Shares	$
Beginning of year	15,962	47,789	15,724	46,126
Shares issued on acquisitions (Note 8)	307	3,244	-	-
Shares issued on contingent consideration	30	496	2	31
Shares purchased and cancelled	(168)	(503)	-	-
Exercise of options (Note 7)	46	252	236	1,632
End of year	16,177	51,278	15,962	47,789

During the year, pursuant to a Normal Course Issuer Bid providing for the purchase of up to 812,511 Common Shares, the Company purchased and cancelled 168,460 Common Shares. The Normal Course Issuer Bid expires in November, 2001.

7. OPTIONS

A summary of the options outstanding under the Company's Stock Option Plan (the "Plan") as of December 31, 2000 and 1999, and changes during the years ended on those dates, are presented below:

	2000		1999	
	Shares (in thousands)	**Weighted-Average Exercise Price**	Shares (in thousands)	Weighted-Average Exercise Price
Outstanding, beginning of year	**1,502**	**$ 16.13**	1,536	$ 15.26
Granted	**620**	**9.83**	424	14.89
Exercised	**(46)**	**5.46**	(236)	6.92
Forfeited	**(406)**	**12.73**	(222)	17.54
Outstanding, end of year	**1,670**	**$ 14.91**	1,502	$ 16.13
Exercisable, end of year	**773**	**$ 17.18**	705	$ 14.42

The following table summarizes stock option information outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/00	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
$ 7 - 10	509,150	4.02 yrs	$ 9.29	58,787	$ 9.75
11 – 17	866,897	2.22 yrs	15.45	531,165	16.16
19 – 29	293,800	2.17 yrs	23.05	182,723	22.54
$ 7 - 29	1,669,847	2.76 yrs	$ 14.91	772,675	$ 17.18

As at December 31, 2000, under the Plan, the Company may grant options to its employees and directors of up to 806,553 shares of Common Stock. These options vest at one-third per year after one year and expire five years after the date of grant. The exercise price of each option equals the closing market price of the Company's Common Shares on The Toronto Stock Exchange the day prior to the date of grant. The total proceeds that would be generated upon exercise of these options is $24,897,000.

8. ACQUISITIONS

During 2000, the Company acquired 100% of the outstanding shares of ESC Gesellschaft fur CAD/CAM-Entwicklung Service Consultancy mbH, of Germany, Technical Software, Inc., of Ohio, CAD Resource Centre, of Ontario, Automated Reasoning (Pty) Ltd., of South Africa, CADD Development Corporation, of Florida, and Fusion West, Inc., of Colorado. Also in 2000, the Company exercised its option to acquire 49% of 1 Direct LLC, of California. During 1999, the Company acquired 100% of the outstanding shares of Cirrus Infographie, of France and 100% of the outstanding shares of Sistemas De Productividad, of Spain. Each of these acquisitions has been accounted for using the purchase method and has been included in these financial statements from the date of acquisition. Consideration paid was generally a combination of cash, notes and Common Shares, plus additional amounts based on the success of future operations.

The acquisitions made in 2000 are summarized as follows:

(in thousands of dollars)	**2000**
Net current assets (net of cash acquired)	**$ 596**
Capital assets	**820**
Goodwill	**4,420**
	$ 5,836
Cash consideration	**$ 1,934**
Notes payable	**658**
Share consideration	**3,244**
	$ 5,836

The acquisitions made in 1999 are summarized as follows:

(in thousands of dollars)	**1999**
Net current assets (net of cash acquired)	$ 19
Capital assets	54
Goodwill	158
	$ 231
Cash consideration	$ 76
Notes payable	155
Share consideration	-
	$ 231

In 2000, additional consideration paid, based on earnings of certain previously acquired businesses subsequent to the acquisition date, amounted to $1.0 million ($0.6 million was paid in cash in 2000, and $0.4 million is payable as a note in 2001). In 1999, additional consideration paid, based on earnings of certain previously acquired businesses subsequent to the acquisition date, amounted to $2.2 million ($1.9 million was paid in cash, and $0.3 million had been recorded as a note). These amounts were added to goodwill. Any future additional consideration will be recorded as goodwill when it becomes determinable.

9. NOTES PAYABLE

In connection with various acquisitions, the Company has issued notes payable to former shareholders of acquired businesses. Certain of these notes are payable in cash with portions thereof convertible into Common Shares of the Company at the option of the holder. In 2000, $0.5 million of the notes payable owed at the end of 1999 were converted into 30,367 shares. These notes are non-interest bearing and are summarized as follows:

(in thousands of dollars)	2000	1999
Notes payable in cash	$ 753	$ 328
Notes convertible into 60,638 (1999 – 65,214) Common Shares	755	1,045
	$ 1,508	$ 1,373

10. OTHER INCOME, NET

In 2000, the Company recorded other income as follows:

(in thousands of dollars)	2000	1999
Gain on reduction of ownership in ENGINEERING.com(1)	$ 5,877	$ -
Equity in net losses of ENGINEERING.com(1)	(1,961)	-
Restructuring charges(2)	(1,109)	-
	$ 2,807	$ -

(1) In 2000, as a result of several transactions as described in Note 4, the Company's fully diluted ownership in ENGINEERING.com was reduced to 46.5% from 100.0%. This resulted in total dilution gains of $5.9 million during the year. Also in 2000, the Company recorded $2.0 million as its share of the net losses of ENGINEERING.com.

(2) In 2000, the Company recorded restructuring costs of $1.1 million. Of this amount, $0.5 million consisted of employee severance costs due to downsizing in certain locations due to a shift in product focus. Also in 2000, due to changes to the Company's product offering, the Company incurred $0.6 million to eliminate all outstanding obligations relating to the termination of distribution rights of a software product.

11. INCOME TAXES

Substantially all of the Company's activities are carried out through operating subsidiaries in various countries. The effective tax rate depends on the tax legislation in each country and the operating results of each subsidiary.

The provision for income taxes reflects an effective tax rate that differs from the corporate tax rate for the following reasons:

(in thousands of dollars, except percentages)	2000	1999
Combined basic Canadian federal and provincial income tax rate	42.0%	43.0%
Provision for income taxes based on above rate	$ 8,250	$ 7,506
Increase (decrease) resulting from:		
Permanent differences	550	871
Lower rate on earnings of U.S. subsidiaries	67	589
Lower rate on earnings of International subsidiaries	(3,165)	(3,195)
Losses of subsidiaries not tax benefited	534	1,624
Valuation allowance	-	(2,410)
ENGINEERING.com Incorporated	(470)	-
Non-tax deductible goodwill	721	537
Provision for income taxes per Statements of Operations	$ 6,487	$ 5,522

The Company had unutilized non-capital tax loss carry forwards of approximately $19.0 million (1999 - $17.5 million) that are available for carry forward against taxable income in future years, for which no benefit has been recognized in these financial statements. The losses expire as shown in the table below and will be recognized when realized by a reduction in the provision for income taxes.

(in thousands of dollars)	Non-Capital Losses	Capital Losses
2001	$ 718	$ –
2002	450	–
2003	8,410	2,200
2004	3,134	–
2005	1,603	-
Unlimited carry forward	4,701	–
	$ 19,016	$ 2,200

INCOME TAXES (Continued)

The nature and tax effects of the temporary differences that give rise to significant portions of the future income tax assets and future income tax liabilities are presented below:

(in thousands of dollars)	2000	1999
Future income tax asset is comprised of:		
Losses carry forward, net of valuation	$ 3,442	$ 3,157
Capital assets	-	954
	3,442	4,111
Future income tax liability is comprised of:		
Differences in tax and accounting basis of		
Intangible assets	(4,827)	(7,592)
Dilution gain	(1,763)	-
Other	(7,965)	(6,591)
Net future income tax liability	$ (11,113)	$ (10,072)

12. CONSOLIDATED CASH FLOW - CHANGES IN OPERATING ASSETS AND LIABILITIES OTHER THAN CASH

(in thousands of dollars)	2000	1999
Accounts receivable	$ (8,446)	$ (15,629)
Inventory	2,221	(30)
Prepaid expenses and deposits	(340)	(5,431)
Accounts payable and accrued liabilities	(10,232)	(10,214)
Income taxes	1,637	5,738
Deferred revenue	7,893	1,526
	$ (7,267)	$ (24,040)

A summary of the amount of interest paid and income taxes received (paid) for 2000 and 1999 is presented in the following table:

(in thousands of dollars)	2000	1999
Interest paid	$ (1,477)	$ (1,943)
Income taxes received (paid)	$ (4,167)	$ 758

13. SEGMENTED INFORMATION

The Company operates primarily in one industry in North America, Europe and Asia Pacific. Results of operations for these geographic locations are as follows:

(in thousands of dollars)	Revenue		Income (Loss) Before Taxes		Total Assets	
	2000	1999	**2000**	1999	**2000**	1999
North America	**$ 205,205**	$ 228,760	**$ 10,091**	$ 13,154	**$ 94,129**	$ 114,919
Other Europe	**105,604**	103,825	**7,944**	2,903	**69,415**	43,891
Germany	**99,891**	100,525	**2,453**	2,217	**46,086**	36,562
Asia Pacific	**9,825**	7,301	**(846)**	(819)	**5,227**	4,183
	$ 420,525	$ 440,411	**$ 19,642**	$ 17,455	**$ 214,857**	$ 199,555

Revenue by product group is as follows:

(in thousands of dollars)	Software		Hardware		Services	
	2000	1999	**2000**	1999	**2000**	1999
North America	**$ 90,452**	$ 92,318	**$ 47,578**	$ 85,230	**$ 67,174**	$ 51,212
Other Europe	**41,259**	37,868	**21,454**	28,488	**42,891**	37,468
Germany	**25,940**	27,385	**37,747**	41,974	**36,204**	31,167
Asia Pacific	**4,097**	2,090	**2,756**	3,163	**2,973**	2,048
	$ 161,748	$ 159,661	**$ 109,535**	$ 158,855	**$ 149,242**	$121,895

14. RELATED PARTY TRANSACTIONS

Transactions with Randvest Inc. (Randvest), Procision Analysis Inc. (Procision) and Rand Engineering Corporation (Rand Engineering), each of which is owned in whole or in part by certain directors of the Company, and with ENGINEERING.com, a company in which RAND Worldwide has a 46.5% equity interest, were as follows:

(in thousands of dollars)	**2000**	1999
Management fees paid to Randvest	**$ 451**	$ 337
Rent, including utilities, paid to Randvest	**$ 593**	$ 544
Software purchases from Procision, included in cost of sales	**$ 218**	$ 205
Management services payments received from ENGINEERING.com	**$ 762**	$ –

RELATED PARTY TRANSACTIONS (Continued)

The Company leases an office in Germany from senior German management at an annual amount of $240,000. The management fees and rent are charged at rates that approximate fair market value.

At the end of the year, the amounts due to the related parties were as follows:

(in thousands of dollars)	2000	1999
Randvest	**$ 73**	$ 70
Management services receivable from ENGINEERING.com	**$ 74**	$ -
Procision	**$ -**	$ 197

15. COMMITMENTS

(a) Master Distributor Agreement

The Amended and Restated Agreement with PTC (described in Note 17) provides the Company with the non-exclusive right to sell PTC products to customers in North America and Europe. The Company's right to continue to distribute PTC products is subject to the achievement of performance benchmarks, which will be established every year during the term of the Amended and Restated Agreement.

(b) Lease Commitments

The Company operates from leased premises and has other obligations under operating leases requiring annual rental payments as follows:

(in thousands of dollars)	
2001	$ 5,125
2002	4,058
2003	3,453
2004	1,279
2005	636
Thereafter	785
	$ 15,336

16. SALE OF MODELCHECK

During 1999, the Company recorded $29.5 million ($20.0 million U.S.) in revenue in connection with the sale of its proprietary software product, ModelCHECK, and related pending business, to PTC. The Company is a master distributor for PTC and accordingly, PTC is one of the Company's major software suppliers. Other transactions with PTC are described in Notes 4, 15(a) and 17 to these financial statements.

17. SUBSEQUENT EVENT

Subsequent to December 31, 2000, the Company entered into an Amended and Restated Distribution Agreement with PTC for North America and Western Europe (PTC Amended and Restated Agreement). The terms of the amended agreement provide the Company with the non-exclusive right to sell PTC products to all customers with the exception of a list of approximately 2,000 customers that are exclusive to PTC. The Company also has the right to sell products to a defined list of customers included in PTC's exclusive account list. The PTC Amended and Restated Agreement expires on September 30, 2005.

Also, subsequent to December 31, 2000, the Company extended the Eastern European Distribution Agreement from October 1, 2001 until March 31, 2004. As consideration for the extension of the term of the extended Eastern European Distribution Agreement, the Company agreed to pay $10.0 million U.S. to PTC.

In order to finance the Eastern European extension and other amounts due under the PTC Amended and Restated Agreement, the Company provided a non-interest bearing promissory note in the principal amount of $15.0 million U.S. to PTC with the following terms of repayment:

March 15, 2001	$5.0 million U.S.
July 1, 2001	$2.7 million U.S.
October 1, 2001	$2.7 million U.S.
January 1, 2002	$4.6 million U.S.

The promissory note can be exchanged into Common Shares of the Company in the event of a default. The number of Common Shares issuable would be calculated according to a formula based on the prevailing market price of the Company's Common Shares, at the time of default.

18. PRIOR YEAR FINANCIAL STATEMENTS

Certain prior year figures have been reclassified to conform to the current year basis of presentation.

International Client Listing

3COM Corporation
3M
ABB Turbinen GmbH
Adam Opel AG
Alcan Aluminum Corporation
Alcatel SEL AG
Allied Signal Aerospace Canada
Alta Vista
Amana Refrigeration, Inc.
AMP Connectors
Amphibico
ASEA Brown Boveri
Audi AG
Babcock and Wilcox
Ballard Power Systems Inc.
BASF AG
Bauer Inc.
Bausch & Lomb Inc.
Becker Automotive Systems GmbH
Becton Dickinson
Bissell, Inc.
Black & Decker Canada Inc.
Bombardier Inc.
Borbet Leichtmetallrader GmbH
Bosch Automotive Motor Systems
Bose Corporation
Braun
Burton Snowboards
Canadian Marconi Company
Canadian Progressive Tool & Transfer
Cardwell-Westinghouse
Carl Zeiss
Carrier Corporation
Case Corporation
Caterpillar
CharBroil
Charitableway.com
CMP Design
Colt's Manufacturing Company
Com Dev Ltd.
Corning, Inc.
CRS Robotics
Cummins Engine Co., Inc.
Cutler-Hammer
Daimler Benz Aerospace Dornier
DaimlerChrysler
Dana Corporation
De Havilland, Inc.

Deere & Company
Dresser Industries
Drexel Heritage
Dunlop
Dupont Canada
Dynapro Systems Inc.
Eastman Kodak Company
Eaton Corporation
Eaton Engineered Fasteners
eBay
EADS Airbus GmbH
Eli Lilly & Company
Empak, Inc.
Ericsson, Inc.
Evenflo Company, Inc.
Ferrero OHG m.b.H.
Fireking International
First American National Bank
Fisher Price
Fluidmaster
Fluke Corporation
Fujitsu
Gates Rubber Company
GEC Marconi Systems
GenCorp
General Electric
Getrag GmbH & Cie.
Glaxo Wellcome, Inc.
Goodyear Tire & Rubber
Harley-Davidson, Inc.
Hasbro, Inc.
Herman Miller
Hermann Pfauter GmbH & Co.
Heroux Inc.
Hewitt Equipment Limited
Hitachi Computer Products, Inc.
HONDA MOTOR CO.
Honeywell, Inc.
Hughes Space & Communications Co.
Husky Injection Molding Systems Ltd.
Igloo Inc.
Inco Limited
Indal Technologies, Inc.
Ingersoll-Rand
ITT Cannon Industries
Jacobs Vehicle & Equipment Company
John Deere
Johnson & Johnson

Johnson Controls
Keilhauer Industries Limited
Kenworth Trucks Pty Ltd.
Komatsu American
International Company
KUBOTA
Lexmark International
Lifetime Products
Litton System, Inc.
Lockheed Martin
Loral Data Systems
Lucent Technologies
Mannesmann Demag
Matsushita Communication Industrial
Matsushita Electronics GmbH
Maytag
Medtronic
Mercedes Benz
Microsoft Corporation
Milltronics Ltd.
Mitel Corporation
Mitsubishi Electronics America
Moen, Inc.
Montgomery Kone
Moroso Performance Products
Motorola, Inc.
MPM Corporation
MyWay.com
NASA
NEC
Newbridge Networks Corporation
Nike, Inc.
Nordic Track
Nortel Networks
OLYMPUS OPTICAL CO., LTD.
Orion Bus Industries
Osteonics
OTIS Elevator Company
Parker Hannifin
Pfizer Medical Technology Group
Philips
Pitney Bowes Corp.
Pioneer Electronics
Raytheon Co.
Refac
Retractable Technologies
RICOH Company
Robert Bosch Corporation

Rockwell International/Allen-Bradley
RollerBlade, Inc.
Rubbermaid Commercial Products
SANYO
Schneider USA
SEIKO EPSON
SHARP CORPORATION
Siemens AG
SKF Linearsysteme GmbH
Sloan Valve
Snap-On, Inc.
Sony Electronics Inc.
Spar Aerospace Limited
Spielo Gaming International
Staff GmbH & Co. Kg
Stanley Tools
Steelcase, Inc.
Sunbeam Household Products
Tag Design
Teledyne Larrs
Texas Instruments Inc.
The Coca-Cola Company
The Gillette Company
The Hoover Company
The Toro Company
Thomson Electronics
Toshiba Corporation
Toyota
Tri-Mark Corporation
TRW
U.S. Filter
United States Surgical Corporation
UT/Pratt & Whitney
Viking Corporation
Vision Pharmaceutical L.P.
Volkswagen AG
Volvo Penta of the Americas
Wacker Corporation
Warner Lambert
Welch Allyn Inc.
Westinghouse Electric Corp.
Whirlpool Inglis Corporation
Winegard Company
Xerox Canada
Yale Security
Zenith Electronics Corp
Zip2

UNITED STATES

Atlanta	Georgia
Boca Raton	Florida
Boston	Massachusetts
Camden	New Jersey
Charlotte	North Carolina
Chicago	Illinois
Cincinnati	Ohio
Cleveland	Ohio
Dallas	Texas
Denver	Colorado
Detroit	Michigan
Durham	North Carolina
Encino	California
Englewood	Colorado
Grand Rapids	Michigan
Hartford	Connecticut
Houston	Texas
Indianapolis	Indiana
Kansas City	Kansas
McKinney	Texas
Milwaukee	Wisconsin
Minneapolis	Minnesota
Nashville	Tennessee
Newport Beach	California
Oklahoma City	Oklahoma
Orlando	Florida
Phoenix	Arizona
Pittsburgh	Pennsylvania
Portland	Oregon
Rochester	New York
San Diego	California
Santa Clara	California
Seattle	Washington
St. Louis	Missouri
Walnut Creek	California

CANADA

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London	Ontario
Montreal	Quebec
Ottawa	Ontario
Scarborough	Ontario
Toronto	Ontario
Vancouver	British Columbia

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Sydney	Australia
Tokyo	Japan
Kuala Lumpur	Malaysia
Penang	Malaysia
Singapore	Singapore

SOUTH AFRICA

Vorna Valley	Midrand

EUROPE

Linz	Austria
Minsk	The Republic of Belarus
Brussels	Belgium
Praha	The Czech Republic
Prerov	The Czech Republic
Copenhagen	Denmark
Durham	England
London	England
Nottingham	England
Jarvenpaa	Finland
Jyvaskyla	Finland
Kuopio	Finland
Bidart	France
Lyon	France
Nantes	France
Paris	France
Savoies	France
Strasbourg	France
Toulouse	France
Berlin	Germany
Ellwangen	Germany
Hamburg	Germany
Hannover	Germany
Karlsruhe	Germany
Koln	Germany
Langen	Germany
Leipzig	Germany
Lindau	Germany
Munich	Germany
Rottweil	Germany
Saarbrucken	Germany
Stuttgart	Germany
Cork	Ireland
Dublin	Ireland
Lisburn	Northern Ireland
Bologna	Italy
Milan	Italy
Napoli	Italy
Padova	Italy
Rome	Italy
Torino	Italy
Breda	The Netherlands
Warsaw	Poland
Wroclaw	Poland
Moscow	Russia
St. Petersburg	Russia
Aberdeen	Scotland
Bratislava	The Slovak Republic
Presov	The Slovak Republic
Zilina	The Slovak Republic
Barcelona	Spain
Madrid	Spain
Vizcaya	Spain
Hudiksvall	Sweden
Karlstad	Sweden
Malmo	Sweden
Molndal	Sweden
Stockholm	Sweden
Yverdon	Switzerland
Zurich	Switzerland

Technology changes.
Relationships last a lifetime.

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DIRECTORS

Dennis Semkiw
Chairman of the Board, RAND Worldwide
President, Randvest Inc.

Brian Semkiw
Chief Executive Officer, RAND Worldwide

Frank Baldesarra
President and Chief Operating Officer
RAND Worldwide

Ron Baldesarra [1 2]
President, Rand Engineering Corporation

Roberto Bettega [3]
Vice President, Juventus F.C. s.p.a.

Joe DiNucci [2 3]
Partner, Sensei Partners LLC, and
Sextant Technologies Inc., e.HealthInsurance.com Inc.

Nick Mancini [1 2]
Chief Executive Officer
Assante Advisory Services Ltd.

David Toswell [1 3]
Barrister & Solicitor, Blake, Cassels & Graydon LLP

OFFICERS AND EXECUTIVE MANAGEMENT

Dennis Semkiw
Chairman of the Board, Secretary/Treasurer

Brian Semkiw
Chief Executive Officer

Frank Baldesarra
President and Chief Operating Officer

Rui Malhinha
Chief Financial Officer

Dennis Visentin
Executive Vice President, RAND Technology Group

Joe Oswald
Executive Vice President, ASCENT Division

Greg Malkin
Executive Vice President, Autodesk Division

Bill Jones
Executive Vice President, IT Solutions Division

Dan Smith
Executive Vice President, TransCAT Inc. (N. America)

Wilfried Fakner
Vice President, Sales, Europe, German Region

Marc LeGraive
Vice President, Sales, Northern Europe

Anne Frese
Vice President, Human Resources

[1] member of the Audit Committee
[2] member of the Compensation Committee
[3] member of the Corporate Governance and Nominating Committee

CORPORATE HEAD OFFICE

5285 Solar Drive, Mississauga, Ontario Canada L4W 5B8

Telephone: 905 625 2000
Facsimile: 905 625 2035

INVESTOR INFORMATION

The Common Shares of the Company are traded on The Toronto Stock Exchange under the symbol RND.

Investor Relations

Greg Taylor
Vice President, Investor Relations & Communications
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Facsimile: 905 625 8535
Email: investor@rand.com
Internet Address: http://www.rand.com

REGISTRAR & TRANSFER AGENT

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320 Bay Street, P.O. Box 1, Toronto, Ontario M5H 4A6

Telephone: 1 800 387 0825
416 643 5000

AUDITORS

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GENERAL COUNSEL

Blake, Cassels & Graydon LLP, Barristers and Solicitors
Commerce Court West, 28th Floor, Toronto, Ontario M5L 1A9

BANKERS

The Bank of Nova Scotia
44 King Street West, 16th Floor, Toronto, Ontario M5H 1H1

ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders will be held on Wednesday, May 23, 2001 at 10:30 a.m. at RAND Worldwide, 5285 Solar Drive, Mississauga, Ontario L4W 5B8

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